

The Newspaper Licensing Agency Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2011

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COMPANIES HOUSE

The Newspaper Licensing Agency Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D G R Morgan
M S Ellice
A C Parker
G P H Baines
Z R Leonard
C E H Collier-Wright
K Morgan
A Nash
S Hanbury
D Pugh
B MacArthur
P R Withey

SECRETARY

A J Moore

REGISTERED OFFICE

Wellington Gate
7-9 Church Road
Tunbridge Wells
Kent TN1 1NL

AUDITORS

Baker Tilly UK Audit LLP
Hanover House
18 Mount Ephraim Road
Tunbridge Wells
Kent TN1 1ED

The Newspaper Licensing Agency Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of The Newspaper Licensing Agency Limited for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The Newspaper Licensing Agency Limited represents the intellectual property rights of the most respected newspapers in the UK – 1,350 print titles and 1,030 web titles – and it operates a database holding millions of daily news articles. Through licensing and the provision of database services, the NLA enables businesses to access the newspaper content they need in the most effective and compliant way.

REVIEW OF BUSINESS

The following information is given in accordance with section 417 of the Companies Act 2006

a Review of the business

The Newspaper Licensing Agency Limited holds mandates from all national newspaper publishers, most regional newspaper publishers and several foreign copyright licensing societies to collect the copyright royalties payable on the reproduction of their newspaper content. It does this by licensing organisations that reproduce newspaper content: media monitoring organisations (press and web cuttings agencies), public relations consultancies, public bodies and companies that monitor press media coverage in their organisations. The NLA charges a fee for its licences, based on the type and volume of reproduction and the size of the organisation; it retains a percentage of the licence fee to cover its administration costs and pays the balance to the publishers. Although the 'secondary publishing' rights can also be directly obtained from publishers, the NLA is the only newspaper royalty collection body in the UK, providing a convenient licensing service for publishers and users of content. The NLA also operates a searchable digital database of newspaper content – the eClips database – which receives content directly from newspaper publishers and makes it available to media monitoring organisations to create press cuttings services for their clients. It is estimated that eClips now provides over 90% of the clips served to UK-based MMO clients through 14 agencies in the UK, with international clients also receiving the content through the eClips International service now serving 20 agencies around the world.

b Development and performance of the business during the financial year

The licence base grew during the year, despite the continued economic downturn on business growth. Although there was a significant cost of legal actions in the Court of Appeal and Copyright Tribunal concerning licensing of newspaper publishers' web content, net royalties paid to publishers were 1.5% higher than in 2010.

In January 2010, the NLA introduced web-content licences for media monitoring organisations, and their clients, to enable them to make use of newspaper web-published content in their businesses. 18 MMOs now hold a Web Database Licence but one international aggregator has referred the NLA's web-content licences to the Copyright Tribunal, which reviewed the licensing terms in September 2011. In June 2011, the NLA fought a successful case in the Court of Appeal, which ruled that clients of the MMO required a licence or consent from publishers in order to lawfully receive and/or use its news services. A further appeal has been launched against part of this decision and the case is expected to be heard by the Supreme Court in 2013.

The eClips Web database was launched in the summer of 2011. It provides a searchable database of web-published newspaper content to MMOs.

During 2011, the eClips repertoire grew to over 350 publications through the addition of a large number of regional titles to the database.

The Newspaper Licensing Agency Limited

DIRECTORS' REPORT

During the course of 2011, the NLA worked closely with Centre Français d'Exploitation du Droit de Copie, the French copyright licensing body, to create a partnership that will make French newspaper content available to the French market via the eClips platform. The service is expected to be launched in early 2012 and will include major national titles including *Le Monde*, *Les Echos* and *Figaro*.

c Position of the company at the end of 2011 and prospects for 2012

- The company ended 2011 with a strong licensee base and clearly defined plans to contact unlicensed organisations in 2012 to discuss their print and web copying activity
- The range of service offerings will be broadened in 2012 to meet users' changing needs, to reflect technological developments and to protect the publishers' rights over their content
- The development of eClips and eClips Web will continue through 2012 as further regional titles and international content are added to the database
- A marketing and awareness programme will continue together with a communication and contact strategy to ensure that publishers earn a fair share of revenue derived from their content by third parties and that their intellectual property rights are protected

d Key performance indicators (KPIs)

The NLA has monitored its performance through 2011 and its progress on its overall strategy by reference to the following KPIs

KPI	2011	2010	Definition, method of calculation and analysis
Turnover	£27.1m	£26.5m	Turnover in 2011 was 2% higher than in 2010. This increase was the result of increased copying activity by organisations coupled with the use of the eClips service by press cuttings agencies.
Distribution of licensing royalties	£19.0m	£18.7m	NLA distributes licensing royalties to publishers. Royalty distributions in 2011 were 1.5% higher than in 2010.
Gross profit %	20%	20%	NLA retains a percentage of licence fees and service charges to cover its administration and pays the balance of royalties to the publishers.
Debtors days	34	34	The NLA licence requires payment within 30 days of invoice and credit control processes are used to ensure adherence to this licence term.

e Risks facing the business

The NLA anticipates that the prospects for the wider economy and a focus upon costs within businesses and the public sector will continue to dictate media monitoring activity.

The NLA's business plan for 2012 assumes the continuation of the transition from paper copying to digital and web reproduction among the press cuttings agencies and their clients. Additionally, the plan assumes continued use of eClips by the large press cuttings agencies and support from the regional publishers. The success of future database products will depend upon their positioning within the market place.

Although the NLA has enjoyed a stable workforce over many years, as with many smaller businesses, high levels of staff turnover could impact the NLA's activities in 2012.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The Newspaper Licensing Agency Limited

DIRECTORS' REPORT

THE DIRECTORS OF THE COMPANY

The directors who served the company during the year were as follows

D G R Morgan
M S Ellice
A C Parker
G P H Baines
Z R Leonard
C E H Collier-Wright
K Morgan
D G L Young (resigned 25 January 2011)
A Nash
S Hanbury
D Pugh
B MacArthur
P R Withey

DONATIONS

During the year the company made a donation of £100,000 (2010 £100,000) to the Journalism Diversity Fund. The company continues to set aside an element of licence fee income for charitable purposes. The company made no political donations in the year.

AUDITORS

At the annual general meeting held on 14 November 1996 the members invoked section 379A of the Companies Act by passing an elective resolution as permitted by section 386 of the Act, to dispense with the obligation to appoint auditors annually.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

By order of the board



A J Moore
Company Secretary
29 March 2012

The Newspaper Licensing Agency Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financials comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE NEWSPAPER LICENSING AGENCY LIMITED

We have audited the financial statements on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

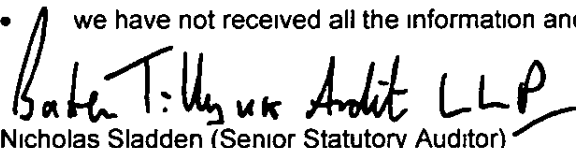
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

Nicholas Sladden (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Hanover House

18 Mount Ephraim Road

Tunbridge Wells TN1 1ED

30 March 2012

The Newspaper Licensing Agency Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2011

	Notes	2011 £	2010 £
TURNOVER	1	27,088,199	26,509,164
Cost of sales		(20,923,483)	(20,120,019)
Gross profit		<u>6,164,716</u>	<u>6,389,145</u>
Administrative expenses		(6,048,396)	(6,257,120)
OPERATING PROFIT	2	116,320	132,025
Interest receivable		90,175	81,616
Interest payable and similar charges	5	(168,515)	(183,561)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>37,980</u>	<u>30,080</u>
Taxation	6	(24,702)	(21,000)
PROFIT FOR THE FINANCIAL YEAR	15	<u>13,278</u>	<u>9,080</u>

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

The Newspaper Licensing Agency Limited

BALANCE SHEET
31 December 2011

Company Registration No 3003569

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	644,053	747,022
Investments	8	2	2
		<u>644,055</u>	<u>747,024</u>
CURRENT ASSETS			
Debtors	9	3,864,489	3,658,280
Cash at bank and in hand		4,251,532	4,405,044
Investments	8	2,000,000	-
		<u>10,116,021</u>	<u>8,063,324</u>
CREDITORS			
Amounts falling due within one year	10	<u>(8,694,741)</u>	<u>(8,737,223)</u>
NET CURRENT ASSETS (LIABILITIES)		<u>1,421,280</u>	<u>(673,899)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,065,335</u>	<u>73,125</u>
CREDITORS			
Amounts falling due after more than one year	11	<u>(1,978,932)</u>	<u>-</u>
NET ASSETS		<u><u>86,403</u></u>	<u><u>73,125</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	8	8
Profit and loss account	15	86,395	73,117
EQUITY SHAREHOLDERS' FUNDS	16	<u><u>86,403</u></u>	<u><u>73,125</u></u>

These financial statements were approved and authorised for issue by the directors on 29 March 2012 and are signed on their behalf by



D Pugh
Managing Director



P R Withey
Chairman

The Newspaper Licensing Agency Limited

CASH FLOW STATEMENT

for the year ended 31 December 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	below	2,311,380	1,198,189
Returns on investments and servicing of finance	17a	(78,340)	(101,945)
Financing	17a	-	(225,698)
Taxation paid	17a	(24,702)	-
Capital expenditure and financial investment	17a	(2,361,850)	(252,151)
(DECREASE) INCREASE IN CASH IN THE PERIOD		<u>(153,512)</u>	<u>618,395</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2011 £	2010 £
(Decrease) Increase in cash in the period		(153,512)	618,395
Purchase of investments		2,000,000	-
Decrease in debt		-	225,698
CHANGE IN NET FUNDS	17b	1,846,488	844,093
NET FUNDS AT 1 JANUARY 2011	17b	2,426,112	1,582,019
NET FUNDS AT 31 DECEMBER 2011	17b	<u>4,272,600</u>	<u>2,426,112</u>

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	116,320	132,025
Depreciation	464,819	457,772
(Increase) Decrease in debtors	(206,209)	445,368
Increase in creditors	1,936,450	163,024
Net cash inflow from operating activities	<u>2,311,380</u>	<u>1,198,189</u>

The Newspaper Licensing Agency Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

TURNOVER

Turnover is recognised upon inception of a licence to reproduce newspaper content. Revenue from overseas royalty collecting societies is recognised upon receipt of details of publisher attribution. Revenue from data access is recognised in the period for which it is due.

FIXED ASSETS AND DEPRECIATION

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	over the term of the lease
Fixtures, fittings and equipment	-	over 3 to 10 years

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

CONSOLIDATION

The financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of section 402 of the Companies Act 2006 not to prepare consolidated financial statements as the directors consider that the company's subsidiary may be excluded from consolidation as it is immaterial for the purpose of a true and fair view.

PENSION

The company operates a defined contribution pension scheme with pensions provided under an insurance company scheme. Contributions payable by the company are charged to the profit and loss account as they accrue.

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency of the company are initially recorded at the exchange rate prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rate prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period.

The Newspaper Licensing Agency Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1 TURNOVER

The turnover and profit before tax are attributable to the principal activity of the company, all arising in the UK

2 OPERATING PROFIT

Operating profit is stated after charging

	2011	2010
	£	£
Depreciation of owned fixed assets	464,819	457,772
Operating leases – land and buildings	228,207	237,636
Auditor's remuneration		
- as auditors	9,250	9,000
- for taxation services	1,500	1,650
- for other services	54,954	56,757

3 PARTICULARS OF EMPLOYEES

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	2,384,303	2,384,141
Social security costs	277,342	270,296
Other pension costs	116,824	118,181
	<u>2,778,469</u>	<u>2,772,618</u>

The average monthly number of staff, including directors, employed by the company in the year was 53 (2010 54)

4 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2011	2010
	£	£
Emoluments receivable	207,585	202,750
Value of company pension contributions to money purchase schemes	13,650	13,125
	<u>221,235</u>	<u>215,875</u>

The highest paid director's emoluments in respect of qualifying services were

	2011	2010
	£	£
Emoluments receivable	199,085	186,250
Value of company pension contributions to money purchase schemes	13,650	13,125
	<u>212,735</u>	<u>199,375</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

The Newspaper Licensing Agency Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Other similar charges payable	<u>168,515</u>	<u>183,561</u>

6 TAXATION ON ORDINARY ACTIVITIES

	2011	2010
	£	£
UK corporation tax based on the results for the year at 21% (2010 – 21%)	<u>24,702</u>	<u>21,000</u>
Tax on profit on ordinary activities	<u>24,702</u>	<u>21,000</u>

FACTORS AFFECTING THE TAX CHARGE FOR THE CURRENT YEAR

A reconciliation of the notional tax credit based on the standard rate of tax to the actual tax charge is set out below

	2011	2010
	£	£
Profit on ordinary activities before taxation	<u>37,980</u>	<u>30,080</u>
Current tax at standard rate of 21% (2010 – 21%)	7,976	6,300
Expenses not deductible for tax purposes	(6,108)	(8,818)
Depreciation in excess of capital allowances	<u>22,834</u>	<u>23,518</u>
Total current tax	<u>24,702</u>	<u>21,000</u>

DEFERRED TAXATION

The provision for deferred taxation takes account of the tax effect of timing differences in respect of the excess of taxation allowances over depreciation on fixed assets. There was no movement in the deferred taxation provision during the year.

The Newspaper Licensing Agency Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

7 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2011	49,581	2,178,977	2,228,558
Additions	157,059	204,791	361,850
Disposals	-	(32,506)	(32,506)
At 31 December 2011	<u>206,640</u>	<u>2,351,262</u>	<u>2,557,902</u>
Depreciation			
At 1 January 2011	49,157	1,432,379	1,481,536
Charge for the year	18,813	446,006	464,819
Eliminated on disposals	-	(32,506)	(32,506)
At 31 December 2011	<u>67,970</u>	<u>1,845,879</u>	<u>1,913,849</u>
Net book value			
At 31 December 2011	<u>138,670</u>	<u>505,383</u>	<u>644,053</u>
At 31 December 2010	<u>424</u>	<u>746,598</u>	<u>747,022</u>

8 INVESTMENTS

Shares in subsidiary company at cost

Cost	£
At 1 January 2011 and 31 December 2011	<u>2</u>
Net book value	
At 31 December 2011	<u>2</u>
At 31 December 2010	<u>2</u>

The company owns the entire share capital of Financial News Licensing Limited which was incorporated in England on 13 May 1998 and has not traded since its incorporation. The net assets of the company as at 31 December 2011 and at 31 December 2010 amounted to £2.

Deposits

The company held assets in a money market account at the balance sheet date.

The Newspaper Licensing Agency Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

9 DEBTORS

	2011 £	2010 £
Trade debtors	3,048,946	2,777,372
Other debtors	815,543	880,908
	<u>3,864,489</u>	<u>3,658,280</u>

Trade debtors represent the amounts due to the company from licensees. Unpaid amounts due to publishers are included in trade creditors.

The debtors above include the following amounts falling due after more than one year

	2011 £	2010 £
Other debtors	<u>38,225</u>	<u>38,225</u>

10 CREDITORS Amounts falling due within one year

	2011 £	2010 £
Trade creditors	6,913,672	5,298,601
Corporation taxation	30,000	30,000
Other taxation and social security	358,848	228,367
Accruals and deferred income	1,392,221	1,201,323
Loan stock	-	1,978,932
	<u>8,694,741</u>	<u>8,737,223</u>

11 CREDITORS Amounts falling due after more than one year

	2011 £	2010 £
Loan stock	<u>1,978,932</u>	<u>-</u>

Unsecured Loan Stock of £510,000 is due for repayment on 31 December 2013. It accrues interest at a rate of 10% per annum and is not repayable by instalments.

Unsecured Loan Stock of £1,468,932 is due for repayment on 31 December 2013. It accrues interest at a rate of 8% per annum and is not repayable by instalments.

12 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011 £	2010 £
Operating leases for land and buildings which expire		
Within 1 year	-	22,315
Between 2 and 5 years	<u>189,857</u>	<u>174,433</u>

The Newspaper Licensing Agency Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

13 RELATED PARTY TRANSACTIONS

One share in the company is held by each of Associated Newspapers Limited, Express Newspapers, The Financial Times Limited, Guardian Newspapers Limited, MGL2 Limited, News International Limited, Telegraph Group Limited, and Independent Print Limited. The 8 shareholders have each given the NLA a mandate to grant licences to third parties for the reproduction of newspaper content and to collect licence income from those third parties.

Associated Newspapers Limited, Express Newspapers, The Financial Times Limited, Guardian Newspapers Limited, MGL2 Limited and Telegraph Group Limited each hold £85,000 of Unsecured Loan Stock which is repayable under the terms stated in note 11 to the financial statements. Interest of £8,500 has been paid in the year to each of the loan stock holders.

The following shareholders hold further Unsecured Loan Stock totalling £1,468,932: Associated Newspapers Limited £285,964, The Financial Times Limited £252,637, Guardian Newspapers Limited £281,933, MGL2 Limited £88,743, News International Limited £299,534, Telegraph Group Limited £260,121. This loan stock is repayable under the terms stated in note 11 to the financial statements. During the year, interest of £117,515 was paid as follows: Associated Newspapers Limited £22,877, The Financial Times Limited £20,211, Guardian Newspapers Limited £22,554, MGL2 Limited £7,100, News International Limited £23,963, Telegraph Group Limited £20,810.

The royalties payable by the company to publisher shareholders during the year ended 31 December 2011 were £14,047,737 (2010: £14,020,441). Of this amount £2,045,555 (2010: £1,917,910) was unpaid at 31 December 2011. Non-royalty invoices to publishers in the year totalled £204,793 (2010: £189,119) with £43,533 (2010: none) unpaid at 31 December 2011.

14 SHARE CAPITAL

	2011 £	2010 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
8 Ordinary shares of £1 each	<u>8</u>	<u>8</u>

15 PROFIT AND LOSS ACCOUNT

	2011 £	2010 £
At 1 January 2011	73,117	64,037
Profit for the financial year	<u>13,278</u>	<u>9,080</u>
At 31 December 2011	<u>86,395</u>	<u>73,117</u>

The Newspaper Licensing Agency Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	13,278	9,080
Opening equity shareholders' surplus	73,125	64,045
Closing equity shareholders' surplus	<u>86,403</u>	<u>73,125</u>

17 CASH FLOWS

a RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2011 £	2010 £
Interest received	90,175	81,616
Interest paid	(168,515)	(183,561)
Net cash outflow from returns on investments and servicing of finance	<u>(78,340)</u>	<u>(101,945)</u>

FINANCING ACTIVITIES

	2011 £	2010 £
Repayment of borrowings	-	(225,698)
Net cash outflow from financing activities	<u>-</u>	<u>(225,698)</u>

TAXATION

	2011 £	2010 £
Taxation payment	(24,702)	-
Net cash outflow from taxation	<u>(24,702)</u>	<u>-</u>

CAPITAL EXPENDITURE

	2011 £	2010 £
Payments to acquire tangible fixed assets	(361,850)	(252,151)
Purchase of investments	(2,000,000)	-
Net cash outflow from capital expenditure	<u>(2,361,850)</u>	<u>(252,151)</u>

b ANALYSIS OF NET FUNDS

	At 1 Jan 2011 £	Cash flows £	At 31 Dec 2011 £
Short term investments	-	2,000,000	2,000,000
Cash in hand and at bank	4,405,044	(153,512)	4,251,532
Debt due within 1 year	(1,978,932)	1,978,932	-
Debt due in more than 1 year	-	(1,978,932)	(1,978,932)
Total	<u>2,426,112</u>	<u>1,846,488</u>	<u>4,272,600</u>